



October 3, 2014

Mr. Vincent Volpe, Executive Director  
Bucks County Transport, Inc.  
P.O. Box 510  
Holicong, Pennsylvania 18928

Dear Mr. Volpe:

I am enclosing for your review the final audit report of Bucks County Transport, Inc. as prepared by the Division of Audit and Review (DAR). Your response has been incorporated into the final report and labeled as an Appendix. The report covers the period from July 1, 2011 to June 30, 2013.

I would like to express my appreciation for all of the courtesy extended to my staff during the course of the fieldwork. I understand that you were especially helpful to Barbara Miller in completing the audit process.

The final report will be forwarded to the Office Medical Assistance Programs (OMAP) to begin the resolution process concerning the report's contents. Staff from OMAP will be in contact with you to follow-up on the actions taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact David Bryan, Audit Resolution Section at [REDACTED].

Sincerely,

A handwritten signature in black ink that reads "Tina L Long". The signature is written in a cursive, flowing style.

Tina Long, CPA  
Director

Enclosure

c: Mr. Jay Bausch  
Mr. Ronald Foster  
Mr. James Pennypacker

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Mr. Michael A Sprow  
Ms. Shelley L Lawrence  
SEFO Audit File (S1310)

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DHS's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65P.S. §§ 67.101 et seq.) The DHS RTKL Office can be contacted by email at: [rapwrtkl@pa.gov](mailto:rapwrtkl@pa.gov).



October 3, 2014

Mr. Brendan Harris, Executive Deputy Secretary  
 Department of Public Welfare  
 Health & Welfare Building, Room 334  
 Harrisburg, Pennsylvania 17120

Dear Deputy Secretary Harris:

In response to a request from the Office of Medical Assistance Programs (OMAP), the Bureau of Financial Operations (BFO) initiated an audit of Bucks County Transport, Inc. (BCT). The audit was designed to analyze expenses and trip data and make recommendations regarding BCT's cost allocation methodology. Our audit covered the period from July 1, 2011 to June 30, 2013 (Audit Period).

This report is currently in final form and therefore contains BCT's views on the reported findings, conclusions and recommendations. BCT did not request an Exit Conference and they concur with the results of our audit. BCT's response is included as an appendix.

**Executive Summary**

BCT is a not-for-profit agency who provides public transportation to eligible recipients through funding from the Commonwealth of Pennsylvania, the County of Bucks and local human service agencies.

The report findings and recommendations for corrective action are summarized below:

FINDINGS	SUMMARY
<p><b><i>Finding No. 1 – Questioned Costs</i></b></p>	<p>Analysis of the expense items charged to the Medical Assistance Transportation Program (MATP) identified costs related to lobbying and other unallowable expenses. Questioned costs for these items when combined with mathematical and data errors resulted in an immaterial undercharge for the audit period.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>BCT should:</p> <ul style="list-style-type: none"> <li>• Ensure that the amounts they are charging on the MATP cost report are accurate and are fully supported by the general ledger and other financial documentation.</li> <li>• Not charge MATP for expenses which are not program related.</li> </ul>	

**Bucks County Transport, Inc.**  
**July 1, 2011 Through June 30, 2013**

FINDINGS	SUMMARY
<p><b><i>Finding No. 2 – Actual Data is not Always Used to Allocate Costs</i></b></p>	<p>BCT compiles data related to driver hours, van miles and the number of trips. This data is then used to allocate indirect expenses to the appropriate funding sources. However, management made adjustments to the data used to allocate salary expenses. As a result, the MATP was overcharged \$21,023 in salaries for the fiscal year ended June 30, 2013.</p>

HIGHLIGHTS OF RECOMMENDATIONS
<p>BCT should:</p> <ul style="list-style-type: none"> <li>• Use the actual data when allocating costs.</li> </ul>

FINDINGS	SUMMARY
<p><b><i>Finding No. 3 – Trip Rates Paid to Subcontractors Were not Negotiated</i></b></p>	<p>BCT did not negotiate trip rates with their subcontractors (carriers). The subcontractors proposed rates, and BCT management felt the rates were reasonable and accepted the rates. No budget or cost data was available to support the rates paid.</p>

HIGHLIGHTS OF RECOMMENDATIONS
<p>BCT should:</p> <ul style="list-style-type: none"> <li>• Require all subcontractors to submit budgets or cost reports to support the rates they are requesting. The proposals should be analyzed as to propriety of the rates that were requested.</li> </ul>

FINDINGS	SUMMARY
<p><b><i>Finding No. 4 – BCT Does Not Adhere to OMAP’s No Show Sanctioning Policies</i></b></p>	<p>BCT does not adhere to OMAP’s sanctioning policy related to no shows. The policy states that no show trips are not to be included in the total number of trips reported to MATP; but, the cost associated with no show trips can be allocated and included in the total MATP cost.</p>

HIGHLIGHTS OF RECOMMENDATIONS
<p>BCT should:</p> <ul style="list-style-type: none"> <li>• Implement the OMAP prescribed policy related to no show trips and begin sanctioning consumers in accordance with this policy.</li> </ul>

**See Appendix A for the Background, Objective, Scope and Methodology and Conclusion on the Objective.**

**Bucks County Transport, Inc.**  
**July 1, 2011 Through June 30, 2013**

**Results of Fieldwork**

**Cost Allocation Methodology**

Indirect costs associated with providing transportation services are allocated based upon driver hours, vehicle miles or trips depending on the expense type. Actual data is compiled in BCT's data system. Reservations are entered into the system each day. Once all the reservations have been entered, trip manifests are generated and distributed to the appropriate carrier to complete the trips.

Completed manifests are verified and the data is entered into the system. This verification includes recording the drivers' beginning and ending time, total miles driven and ensuring that canceled and no show trips are correctly identified. The data system then has the necessary information to generate the number of hours, miles and trips completed. The total hours and miles from each manifest are allocated to the appropriate funding sources based on the number of trips completed per manifest for each funding source. The quarterly allocation percentages are based on the aggregate data from the manifests.

The allocation methodology used by BCT allocates costs in a consistent and equitable manner.

**Finding No. 1 – Questioned Costs**

In analyzing the cost allocation methodology used by BCT, we determine the propriety of selected expense items. This analysis identified the following discrepancies and questioned costs:

**Fiscal Year Ended June 30, 2012**

Professional Fees – BCT contracted with a lobbyist. Based on OMB Circular A-87, lobbying costs are not allowable. The total amount overcharged to the MATP program was \$2,094.

Vehicle Maintenance and Repair – BCT management agreed that compilation errors were made resulting in an overcharge to the MATP program of \$3,702.

Other Mathematical and/or Omission Errors:

- Administrative Salaries – undercharged \$7,733
- Office Supplies and Furniture – undercharged \$2,782
- Rent – undercharged \$2,800

The net result was an undercharge of \$7,519 for the fiscal year ended June 30, 2012.

**Fiscal Year Ended June 30, 2013**

Salaries – An analysis of salary expenses identified a \$21,023 overcharge to the MATP program. This overcharge was a result of management's adjustments to the allocation percentage (Please see Finding No. 2). This overcharge, when combined with other mathematical and/or omission errors below, resulted in a net overcharge of \$5,233.

**Bucks County Transport, Inc.**  
**July 1, 2011 Through June 30, 2013**

Flowers – BCT charged flowers to the MATP program. Based on OMB Circular A-87, flowers are not an allowable cost. The total amount overcharged was \$203.

Other Mathematical and/or Omission Errors:

Vehicle Maintenance – the amount overcharged was \$201

The net result was an overcharge of \$5,637 for the fiscal year ended June 30, 2013.

The fiscal year ended June 30, 2012 undercharges exceed the fiscal year ended June 30, 2013 overcharges. Therefore, no recovery is recommended.

**Recommendations**

The BFO recommends BCT ensure that the amounts they are charging on the MATP cost report are accurate are fully supported by the general ledger and other financial documentation.

The BFO also recommends that BCT not charge MATP for expenses which are not program related.

**Finding No. 2 – Actual Data is not Always Used to Allocate Costs**

When allocating salary costs by hours, BCT adjusts the actual data which impacts the amount charged to MATP. BCT management stated that this was done based on one week of data in fiscal year 2012. Additionally, management stated that MATP customers require more of the drivers' time than is actually reflected in the data. In most cases, the MATP program was charged an additional 1% above the percentages calculated when using the actual data. For the fiscal year ended June 30, 2013, the salary cost was overstated by \$21,023. This overcharge has been included with the other errors as stated in the Fiscal Year Ended June 30, 2013 calculation in Finding No.1.

**Recommendations:**

The BFO recommends that BCT only use the actual data when allocating costs.

**Finding No. 3 – Trip Rates Paid to Subcontractors Were not Negotiated**

BCT subcontracted with private carriers for approximately 40% of its trips. The trip rates charged by these carriers are not negotiated. The carriers simply request a rate(s); no proposal with a budget or cost data is requested or submitted. BCT management stated that they felt the rates were reasonable and contracted for the amounts that were requested.

Some rates have not changed significantly since 1999. Without cost data to support the requested trip rates, BCT cannot make an informed determination as to the reasonableness of the rates.

**Recommendation**

The BFO recommends that BCT require all subcontractors (carriers) to submit a budget or cost data to support the rates they are requesting. The proposals should be analyzed as to the propriety of the rates that are being requested.

**Bucks County Transport, Inc.**  
**July 1, 2011 Through June 30, 2013**

**Finding No. 4 – BCT Does Not Adhere to OMAP’s No Show Sanctioning Policies**

The Medical Assistance Transportation Instructions and Requirements (MATP I&R) detail the sanctioning that is to occur when there are no show trips. Medical Assistance (MA) consumers are allowed one no show in a 90 day period. If a second no show occurs, the consumer is to be suspended from the program for 30 days. BCT’s policy allows for two no shows in a 90 day period before the consumer is sanctioned.

BCT identifies no show trips on completed manifests and captures this information in their data system. As such, no show trips can be readily segregated from all other trips. Per MATP I&R, no show trips are not to be included in the MATP trip count. However, the cost associated with a no show trip is allocated and included within other reported MATP costs.<sup>1</sup>

For the audit period, the costs associated with the no show trips are allowable. However, OMAP required grantees to implement their prescribed no show policy from which BCT deviated. No costs were questioned based on guidance from OMAP.

**Recommendation**

The BFO recommends that BCT implement the OMAP prescribed policy related to no show trips and begin sanctioning consumers in accordance with this policy.

In accordance with our established procedures, an audit response matrix will be provided to OMAP. Once received, OMAP should complete the matrix within 60 days and email the Excel file to the Department of Public Welfare’s (DPW’s) Audit Resolution Section at:



The response to each recommendation should indicate OMAP’s concurrence or non-concurrence, the corrective action to be taken, the staff responsible for the corrective action, the expected date that the corrective action will be completed and any related comments.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long".

Tina L. Long, CPA  
Director

- c: Mr. Jay Bausch
- Mr. Ronald Foster
- Mr. James Pennypacker
- Mr. Vincent Volpe

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<sup>1</sup> This pertains only to trips provided by BCT and does not pertain to trips provided by subcontractors.

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Mr. Michael A. Sprow  
Ms. Shelley Lawrence  
SEFO Audit File (S1310)

**BUCKS COUNTY TRANSPORT INC.**

**APPENDIX A**

## **Appendix A**

### **Background**

BCT is a not-for-profit corporation located in [REDACTED]. BCT provides transportation services throughout Bucks County. Funding for these services is provided through various state and local grants and contractual agreements. Transportation services are provided as follows:

- The Shared Ride program provides transportation to senior citizens residing in Bucks County. Funding for the shared ride program is provided by the Pennsylvania Department of Transportation from [REDACTED] proceeds.
- The MATP provides transportation for medically related trips to eligible MA recipients. Funding for MATP trips is provided through DPW's OMAP.
- The County of Bucks Area Agency on Aging funds the transportation for eligible participants in Bucks County.
- The Bucks County Mental Health/Developmental Programs provide transportation to eligible participants. Those trips are funded through the County of Bucks.

### **Objective/Scope/Methodology**

The audit objectives, developed in concurrence with OMAP were:

- To determine that expenses allocated to the MATP were accurate, appropriate and equitably charged.
- To determine that subcontractors are accurately reporting and invoicing for trips provided.

The criteria used to ascertain that expenses allocated to the MATP were accurate, appropriate and equitably charged were the Office of Management and Budget Circular A-87, the MATP Handbook and other pertinent federal regulations.

In pursuing these objectives, the BFO interviewed MATP personnel and BCT management. The BFO also analyzed BCT's cost allocation methodology, general ledger, payroll records, invoices, trip data and other pertinent documentation.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of those controls. Based on our understanding of the controls, there were no material deficiencies that came to our attention. Areas where we noted an opportunity for improvement in management controls are addressed in the findings of this report.

The BFO's fieldwork was conducted intermittently from May 13, 2014 to June 17, 2014 and was performed in accordance with GAGAS. This report is available for public inspection.

### **Conclusion on the Objectives**

BCT's cost allocation methodology is reasonable and equitable. However, management made adjustments to the allocation percentage charged to the MATP program. While management stated that the adjustments were based on an actual time study, BCT could not provide documentation to support the adjustments that were made. Additionally, several mathematical errors were identified throughout the audit period. The net amount of questioned cost combined with errors and undercharges was immaterial. The subcontractors accurately reported and invoiced the trips they provided.

**BUCKS COUNTY TRANSPORT INC.  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX B**



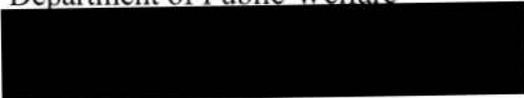
**BUCKS COUNTY TRANSPORT, INC.**

**Vincent J. Volpe**  
Executive Director



September 22, 2014

Mr. Daniel Higgins, Audit Manager  
Division of Audit and Review  
Bureau of Financial Operations  
Department of Public Welfare



Dear Mr. Higgins:

Please be advised that Bucks County Transport does not require an exit conference and is in concurrence with the findings of the draft performance audit of Bucks County Transport.

I would also like to take this opportunity to commend you and your team for your professional approach to this extensive audit of our Medical Assistance Transportation Program.

Sincerely yours,

Vincent J. Volpe  
Executive Director